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哈尔滨电气股份有限公司

HARBIN ELECTRIC COMPANY LIMITED

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1133)

CONTINUING CONNECTED TRANSACTIONS – ANNOUNCEMENT IN RELATION TO THE RENEWAL OF THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT WITH HE

THE RENEWAL OF THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT WITH HE

Reference is made to the announcement of the Company dated 20 December 2022 in relation to the Original Financial Services Framework Agreement between the Company and HE.

The Board hereby announces that since the Original Financial Services Framework Agreement will expire on 30 December 2025, the Company and HE have, on 30 December 2025, renewed the New Financial Services Framework Agreement on substantially the same terms, pursuant to which the Company will, provide the Unlisted HE Group with the Depository Services, Loan Services and Other Financial Services through Finance Company, a subsidiary of the Company, at fair and reasonable market prices and on normal commercial terms during the Effective Term of the Agreement. In particular, regarding the Depository Services, no annual caps shall be set for the accumulated maximum daily deposit balance deposited with Finance Company by the Unlisted HE Group; regarding the Loan Services, the cap for the accumulated maximum daily balance of loan services provided by Finance Company to the Unlisted HE Group is RMB500,000,000 (equivalent to approximately HK$552,809,933); the annual cap for fees and commissions for Other Financial Services is RMB10,000,000 (equivalent to approximately HK$11,056,199).

LISTING RULES IMPLICATIONS

HE is the controlling shareholder of the Company and holds approximately 69.79% of the total issued share capital of the Company as at the date of this announcement. HE is a connected person of the Company pursuant to Chapter 14A of the Listing Rules, and therefore, the transactions contemplated under the New Financial Services Framework Agreement constitute continuing connected transactions of the Company.

As:

(1) the interest rates of the Depository Services provided by Finance Company to the Unlisted HE Group are at fair and reasonable market rates and on normal commercial terms, which are the prevailing interest rates applicable to the same depository services provided by general commercial banks in the PRC to the Unlisted HE Group, and no security by the assets of the Company is provided, therefore the provision of Depository Services shall be fully exempt from Independent Shareholders' approval, annual review and all disclosure requirements under Rule 14A.90 of the Listing Rules;

(2) the fees and commissions for Other Financial Services provided by Finance Company to the Unlisted HE Group were determined at fair and reasonable market prices and on normal commercial terms, which are the prevailing interest rates applicable to the same type of services provided by general commercial banks in the PRC to the Unlisted HE Group, and as all applicable percentage ratios in respect of the annual caps for fees and commissions will be less than 0.1%, the provision of the Other Financial Services shall be fully exempt from Independent Shareholders' approval, annual review and all disclosure requirements in accordance with Rule 14A.76(1) of the Listing Rules; and

(3) with regard to the provision of Loan Services to the Unlisted HE Group by Finance Company, all applicable ratios in respect of the caps for the accumulated maximum daily balance of Loan Services provided by Finance Company to the Unlisted HE Group are less than 5%. As such, the Company is subject to the reporting, announcement and annual review in respect of the New Financial Services Framework Agreement under Chapter 14A of the Listing Rules, but is exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements.

INTRODUCTION

Reference is made to the announcement of the Company dated 20 December 2022 in relation to the Original Financial Services Framework Agreement between the Company and HE.

The Board hereby announces that since the Original Financial Services Framework Agreement will expire on 30 December 2025, the Company and HE have, on 30 December 2025, renewed the New Financial Services Framework Agreement on substantially the same terms, pursuant to which the Company will, provide the Unlisted HE Group with the Depository Services, Loan Services and Other Financial Services through Finance Company, a subsidiary of the Company, at fair and reasonable market prices and on normal commercial terms during the Effective Term of the Agreement. In particular, regarding the Depository Services, no annual caps shall be set for the accumulated maximum daily deposit balance deposited with Finance Company by the Unlisted HE Group; regarding the Loan Services, the cap for the accumulated maximum daily balance of loan services provided by Finance Company to the Unlisted HE Group is RMB500,000,000 (equivalent to approximately HK$552,809,933); the annual cap for fees and commissions for Other Financial Services is RMB10,000,000 (equivalent to approximately HK$11,056,199).

NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT

The principal terms of the New Financial Services Framework Agreement are set out below:

1. Date

30 December 2025

2. Parties

(i) the Company; and

(ii) HE.

3. Effective Term of the Agreement

Commencing from 31 December 2025 and ending on 30 December 2028, for a term of three years.

4. Subject Matter of the Agreement

Pursuant to the terms of New Financial Services Framework Agreement, Finance Company, a subsidiary of the Company, will provide the following financial services to the Unlisted HE Group:

(i) Depository Services

Placing deposit by the Unlisted HE Group.

(ii) Loan Services

Provision of non-financial guarantees for the Unlisted HE Group; provision of bills acceptance and discounting services for the Unlisted HE Group; provision of the loans (including the loans provided by Finance Company to the Unlisted HE Group and the entrusted loans provided by the Group through Finance Company to the Unlisted HE Group) for the Unlisted HE Group.

(iii) Other Financial Services

Provision of financial and financing advice, credit assurance and relevant consulting and agency (excluding insurance agency) services for the Unlisted HE Group; assisting the Unlisted HE Group in the receipt and payment of transaction monies; entrusted loans among the members of the Unlisted HE Group; internal transfer and settlement among the members of the Unlisted HE Group and formulation of proposals for the corresponding settlement and clearing.

The Unlisted HE Group has the right to select financial institutions to provide financial services to it based on its own business needs and the right to determine the type and amount to be invested of financial services at its own discretion. The Unlisted HE Group is not obliged to accept such financial services from Finance Company.

The Company may request the Unlisted HE Group to provide pledge of assets or other guarantees when utilising the credit facility within the relevant limit.

5. Pricing Policy

(i) Depository Services

The interest rates of the Depository Services provided by Finance Company to the Unlisted HE Group are at fair and reasonable market rates and on normal commercial terms, which are the prevailing interest rates applicable to the same depository services provided by general commercial banks in the PRC to the Unlisted HE Group.

(ii) Loan Services

The interest rates or charges of the Loan Services provided by Finance Company to the Unlisted HE Group are at fair and reasonable market rates and on normal commercial terms, which are the prevailing interest rates or rates applicable to the same loan services provided by general commercial banks in the PRC to the Unlisted HE Group.

(iii) Other Financial Services

The fees and commissions for the Other Financial Services provided by Finance Company to the Unlisted HE Group are at fair and reasonable market rates and on normal commercial terms, which are the prevailing rates applicable to the same type of services provided by general commercial banks in the PRC to the Unlisted HE Group.

6. Annual Caps

(i) Depository Services

There shall be no annual caps set for the accumulated maximum daily deposit balance deposited with Finance Company by the Unlisted HE Group.

(ii) Loan Services

The proposed annual caps for the Loan Services are set out as follows:

	Period from 31 December 2025 to 30 December 2026	Period from 31 December 2026 to 30 December 2027	Period from 31 December 2027 to 30 December 2028
The accumulated maximum daily balance of Loan Services provided to the Unlisted HE Group by Finance Company	RMB500,000,000	RMB500,000,000	RMB500,000,000

The proposed annual caps for the Loan Services are determined based on the expected business requirements of the Unlisted HE Group during the Effective Term of the Agreement and the expected business development of Finance Company during the Effective Term of the Agreement.

The caps for the accumulated maximum daily balance of Loan Services provided to the Unlisted HE Group by Finance Company under the Original Financial Services Framework Agreement and the actual transaction amounts are as below:

	Period from 31 December 2022 to 30 December 2023	Period from 31 December 2023 to 30 December 2024	Period from 31 December 2024 to 30 June 2025
The caps for the accumulated maximum daily balance of Loan Services provided to the Unlisted HE Group by Finance Company	RMB230,000,000	RMB230,000,000	RMB230,000,000
The accumulated maximum daily balance of loan services actually occurred for the provision of Loan Services to the Unlisted HE Group by Finance Company	RMB225,000,000	RMB195,000,000	RMB55,000,000

(iii) Other Financial Services

The proposed annual caps in respect of the fees and commissions for Other Financial Services are set out as follows:

	Period from 31 December 2025 to 30 December 2026	Period from 31 December 2026 to 30 December 2027	Period from 31 December 2027 to 30 December 2028
Fees and commissions for Other Financial Services	RMB10,000,000	RMB10,000,000	RMB10,000,000

The proposed annual caps for Other Financial Services are determined based on the expected business requirements of the Unlisted HE Group during the Effective Term of the Agreement and the expected business development of Finance Company during the Effective Term of the Agreement.

The caps for the fees and commissions charged by Finance Company for the provision of Other Financial Services to the Unlisted HE Group under the Original Financial Services Framework Agreement and the actual transaction amounts are as below:

	Period from 31 December 2022 to 30 December 2023	Period from 31 December 2023 to 30 December 2024	Period from 31 December 2024 to 30 June 2025
The caps for fees and commissions for Other Financial Services	RMB4,000,000	RMB4,000,000	RMB4,000,000
The fees and commissions actually occurred for Other Financial Services	Nil	RMB12,100	Nil

REASONS AND BENEFITS OF THE RENEWAL OF THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT

The continuing provision of the Financial Services to the Unlisted HE Group is beneficial to the business development of Finance Company, strengthens the presence of Finance Company in the financial industry and allows Finance Company to better facilitate the development of the Company's core businesses. Among them, the continually placing deposit by the Unlisted HE Group is regarded as financial assistance from HE to the Company, which is conducive to the continuous development of the businesses of Finance Company and the development of the Company's core businesses; The provision of the Loan Services and Other Financial Services is a conventional business of Finance Company. By continually providing relevant services to the Unlisted HE Group, Finance Company will be able to continuously improve its revenue, and the Company, through its 91% equity interest of the total equity in Finance Company, will also continually be able to gain revenue.

The Board (including the independent non-executive Directors) is of view that the terms of the New Financial Services Framework Agreement are fair and reasonable, and that the transactions contemplated thereunder are conducted in the ordinary course of business of the Company on normal commercial terms or better, and are in the interests of the Company and the Shareholders of the Company as a whole.

No Directors has material interests in the New Financial Services Framework Agreement and the transactions contemplated thereunder or is required to abstain from voting on a Board resolution approving the New Financial Services Framework Agreement and the transactions contemplated thereunder.

INFORMATION ABOUT THE PARTIES

The Group is among the largest manufacturers of power-generating equipment in the PRC, the principal activities include the manufacturing of thermal power main equipment, hydropower main equipment, nuclear power main equipment, gas power equipment set, turnkey construction of power station projects, etc..

Finance Company is a subsidiary of the Company. As at the date of this announcement, the Group holds 91% equity interest in Finance Company and HE holds the remaining 9% equity interest in Finance Company, Finance Company engages mainly in the provision of the Depository Services, Loan Services and Other Financial Services.

HE is the controlling shareholder of the Company, and is the pioneer in establishing the largest research and manufacturing base for power-generating equipment, marine engines, power-driven equipment and export base for complete set of equipment in the PRC. Its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council.

LISTING RULES IMPLICATIONS

HE is the controlling shareholder of the Company and holds approximately 69.79% of the total issued share capital of the Company as at the date of this announcement. HE is a connected person of the Company pursuant to Chapter 14A of the Listing Rules, and therefore, the transactions contemplated under the New Financial Services Framework Agreement constitute continuing connected transactions of the Company.

As:

(1) the interest rates of the Depository Services provided by Finance Company to the Unlisted HE Group are at fair and reasonable market rates and on normal commercial terms, which are the prevailing interest rates applicable to the same depository services provided by general commercial banks in the PRC to the Unlisted HE Group, and no security by the assets of the Company is provided, therefore the provision of Depository Services shall be fully exempt from Independent Shareholders' approval, annual review and all disclosure requirements under Rule 14A.90 of the Listing Rules;

(2) the fees and commissions for Other Financial Services provided by Finance Company to the Unlisted HE Group were determined at fair and reasonable market prices and on normal commercial terms, which are the prevailing interest rates applicable to the same type of services provided by general commercial banks in the PRC to the Unlisted HE Group, and as all applicable percentage ratios in respect of the annual caps for fees and commissions will be less than 0.1%, the provision of the Other Financial Services shall be fully exempt from Independent Shareholders' approval, annual review and all disclosure requirements in accordance with Rule 14A.76(1) of the Listing Rules; and

(3) with regard to the provision of Loan Services to the Unlisted HE Group by Finance Company, all applicable ratios in respect of the caps for the accumulated maximum daily balance of Loan Services provided by Finance Company to the Unlisted HE Group are less than 5%. As such, the Company is subject to the reporting, announcement and annual review in respect of the New Financial Services Framework Agreement under Chapter 14A of the Listing Rules, but is exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"Board"	the board of directors of the Company;
"Company"	Harbin Electric Company Limited, a company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (Stock Code: 1133);
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules;
"Depository Services"	placing deposit with Finance Company by the Unlisted HE Group under the New Financial Services Framework Agreement;
"Director(s)"	the director(s) of the Company;
"Effective Term of the Agreement"	the effective term of the New Financial Services Framework Agreement, commencing from 31 December 2025 and ending on 30 December 2028, for a term of three years;
"Finance Company"	哈爾濱電氣集團財務有限責任公司(HE Finance Company Limited), a subsidiary of the Company. As at the date of this announcement, the Group holds 91% equity interest in Finance Company and HE holds the remaining 9% equity interest in Finance Company;
"Group"	the Company and its subsidiaries;
"HE"	哈爾濱電氣集團有限公司(Harbin Electric Corporation), a state-owned enterprise and the controlling shareholder of the Company;

"HK$"	Hong Kong dollar, the lawful currency of the Hong Kong Special Administrative Region of the PRC;
"Independent Non-executive Director(s)"	the independent non-executive director(s) of the Company;
"Independent Shareholder(s)"	has the meaning ascribed to it under the Listing Rules;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time;
"Loan Services"	the loan services to be provided by Finance Company to the Unlisted HE Group under the New Financial Services Framework Agreement, including provision of non-financing guarantees for the Unlisted HE Group, provision of bills acceptance and discounting services for the Unlisted HE Group, and provision of the loans (including the loans provided by Finance Company to the Unlisted HE Group and the entrusted loans provided by the Group through Finance Company to the Unlisted HE Group) for the Unlisted HE Group;
"New Financial Services Framework Agreement"	the Financial Services Framework Agreement dated 30 December 2025 entered into between the Company and HE;
"Original Financial Services Framework Agreement"	the Financial Services Framework Agreement dated 20 December 2022 entered into between the Company and HE and to be expired on 30 December 2025;
"Other Financial Services"	other financial services to be provided by Finance Company to the Unlisted HE Group under the New Financial Services Framework Agreement, including provision of financial and financing advice, credit assurance and relevant consulting and agency (excluding insurance agency) services for the Unlisted HE Group; assisting the Unlisted HE Group in the receipt and payment of transaction monies; entrusted loans among the members of the Unlisted HE Group; internal transfer and settlement among the members of the Unlisted HE Group and formulation of proposals for the corresponding settlement and clearing;
"percentage ratios"	the percentage ratios under Rule 14.07 of the Listing Rules, other than the profits ratio and equity capital ratio;

"PRC"	the People's Republic of China, for the purpose of this announcement only, excludes the Hong Kong Special Administrative Region of the PRC, the Macao Special Administrative Region of the PRC and Taiwan;
"RMB"	Renminbi, the lawful currency of the PRC;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Unlisted HE Group"	HE and its subsidiaries (other than the Group);
"%"	per cent.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK$ at the rate of HK$1.00 to RMB0.90447. Such exchange rate has been used for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By Order of the Board
Harbin Electric Company Limited
Company Secretary
Ai Li-song

Harbin, the PRC
30 December 2025

As at the date of this announcement, the executive Directors of the Company are Mr. Huang Wei, Mr. Liu Qing-yong and Mr. Du Xing-kai; and the independent non-executive Directors of the Company are Mr. He Yu, Ms. Niu Xiang-chun, Mr. Gao Yi-bin and Mr. Li Xie-hua.